



## COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

### MEETING MINUTES – April 2, 2018

**CALL TO ORDER:** Mayor Halliday called the meeting to order at 4:00 p.m.

#### ATTENDANCE:

| Committee Member          | Present<br>4/2/18 | All Meetings<br>Year to Date |        | Meetings Mandated<br>By Resolution |        |
|---------------------------|-------------------|------------------------------|--------|------------------------------------|--------|
|                           |                   | Present                      | Absent | Present                            | Absent |
| Michael Ly                |                   | 3                            | 2      | 3                                  | 2      |
| Didacus-Jeff Joseph Ramos | ✓                 | 4                            | 1      | 4                                  | 1      |
| Mayor Halliday (Chair)    | ✓                 | 5                            | 0      | 5                                  | 0      |
| Council Member Márquez    | ✓                 | 5                            | 0      | 5                                  | 0      |
| Council Member Mendall    | ✓                 | 5                            | 0      | 5                                  | 0      |

#### OTHERS IN ATTENDANCE:

Maria Hurtado, Assistant City Manager; Stacey Bristow, Interim Director of Development Services; Micah Hinkle, Economic Development Manager; Paul Nguyen, Economic Development Specialist; Ramona Thomas, Economic Development Specialist; Marcus Martinez, Assistant Planner; Suzanne Philis, Senior Secretary; from United Growth: CEO Brad LaRue, Vice President of Capital Management Carmelita Botelho, and Development Manager Futaba Alizoti

#### PUBLIC COMMENTS

Hayward Chamber of Commerce President and CEO Kim Huggett distributed a By the Numbers flyer that highlighted Chamber accomplishments. Mr. Huggett noted 40 free small business workshops had been held in the last 40 months (many in cooperation with the Alameda County Small Business Development Center and City of Hayward), and that export certificates had been sent to 50 countries.

Mayor Halliday announced that Hayward won two out of eight categories at the East Bay Economic Development Alliance Innovation Awards on Thursday, March 29<sup>th</sup> at the Fox Theater in Oakland. She said Therm-x (maker of custom components for the semi-conductor industry) won the Advanced Manufacturing category, and Reflexion (developing a revolutionary device for the detection and prevention of cancer) won the Life Sciences category. She commented that Hayward has had finalists for the last three years. Council Member Mendall pointed out that Hayward was the only Bay area city to have two winners.

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## **1. APPROVAL OF MINUTES OF SPECIAL MEETING MARCH 5, 2018**

A motion to approve minutes with one minor change was made by Council Member Márquez with a second by Council Member Mendall. Minutes from the March 5, 2018 Regular Meeting were approved with Member Ly absent.

Staff distributed comments from Member Ramos on the Regional Minimum Wage Inventory which was presented and discussed at the March 5<sup>th</sup> meeting. Member Ramos was unable to attend the meeting.

## **2. PRELIMINARY CONCEPT REVIEW – UNITED GROWTH DRIVE THROUGH – 2429 WHIPPLE ROAD**

Economic Development Manager Hinkle introduced the project noting the feedback desired was also a review of the City's drive-thru policy.

Economic Development Specialist Thomas said United Growth Capital Management specialized in the development and redevelopment of first-class retail centers and noted they were interested in building a drive-thru at Wiegman and Whipple Roads in the Industrial area, but current regulations prohibited two drive-thru restaurants being located within a half-mile of one another. She said the proposed location was within the 880 Retail Area and provided a map displaying existing drive-thru restaurants and their half-mile radii.

Assistant Planner Martinez explained that under the General Commercial zoning district an applicant was prohibited from applying for an Administrative Use permit to build a drive-thru restaurant because two drive-thru restaurants could not be located within a half-mile of one another. He said staff was seeking high-level feedback related to approval of a Zoning Text Amendment that would allow a "special required finding" for this and future drive-thru restaurants to locate within that half-mile radius.

United Growth Vice President of Capital Management Carmelita Botelho explained that because the cost of doing business was so expensive in California, they were having trouble finding a non-drive-thru tenant for the site. She said United Growth was seeking feedback to determine if the site was worth pursuing.

United Growth CEO Brad LaRue said they had been working hard to find a tenant at this site for the last four years. He said that Panera Bread, Noodles & Co., and Habit Burger had all opted out when a drive-thru was not an option.

Council Member Mendall commented that the provided leakage data (type of retail businesses that weren't already present in the area) didn't match past reports. Manager Hinkle explained that the data provided by United Growth was for a 5-mile radius from the site, not city-wide.

Council Member Mendall said that, in general, he was pleased that Hayward made it difficult for drive-thru restaurants because most offered unhealthy food, paid low wages, and generated tons of litter. He said he would relax the City's hard no and consider a variance, but acknowledged that that would generate many applications so he wanted to make his expectations clear.

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Council Member Mendall listed the following expectations: 1) The incoming drive-thru restaurant must be something new; either the first of its kind in Hayward, or maybe the second; 2) The litter component must be resolved so the City alone wasn't responsible for the cost and process of clean-up; and 3) The restaurant offered higher base wages, for example \$15 regardless of the City rate. If all three expectations were met, Council Member Mendall said he would enthusiastically vote to approve the business.

Council Member Márquez asked if a Text Amendment would change the City's zoning code. Assistant Planner Martinez said yes, the Amendment would have City-wide implications, but for this request, site specific approval. Economic Development Manager Hinkle noted the Text Amendment could be a driver for auto-oriented locations not near neighborhoods but in existing high traffic areas.

Assistant Planner Martinez explained that if the Text Amendment was adopted, drive-thru restaurants would still not be permitted by-right, but could seek approval.

Council Member Márquez asked about the timeline for this project and Assistant Planner Martinez said the Text Amendment would have to be approved first. Interim Director of Development Services Bristow said that would take approximately three to four months. Council Member Márquez asked if the Amendment would go straight to Council and she was told the Planning Commission would review first.

Economic Development Manager Hinkle noted there were only two locations still available in the City that allowed a drive-thru restaurant by-right and Starbucks had submitted applications for both locations.

Council Member Márquez commented that the site on Wiegman was not visible from I-880 and she asked about signage. Interim Director of Development Services Bristow said standard sign regulations would apply to the site or United Growth could ask for a variance. Assistant Planner Martinez said the sign could be bigger because of the location. CEO LaRue said a monument sign had been requested on an earlier proposal.

Council Member Márquez said for her approval the restaurant would have to offer healthy choices. She asked where the nearest drive-thru Panera Bread was located and was told Concord. She said Panera would be the type of restaurant she would approve.

Member Ramos asked why a half-mile radius was used instead of a quarter-mile. Assistant Planner Martinez said the regulations were carried forward from the 80s or 90s and should perhaps be reviewed. Interim Director of Development Services Bristow noted the Industrial regulations were currently being updated.

Member Ramos asked if the regulations needed to be uniform and Interim Director of Development Services Bristow said no.

Member Ramos said that he liked that the proposed drive-thru wouldn't impact traffic on Whipple Road. He said he would support a Panera at the site and then commented that communities don't usually name the tenant. He asked if anything prohibited the City from naming preferred tenants. Council Member Mendall said that was why he was focusing on preferred criteria.

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Member Ramos said the half-mile radius could be adjusted, but the staff report's other proposed restrictions were valid. He said he would prefer a mom n' pop business or a franchise not already in California; he wanted something unique for Hayward. He said the design of the proposal was fine. Member Ramos said some flexibility at this site might benefit the City.

Mayor Halliday commented that although the City was working regionally to be more walkable she acknowledged a drive-thru was appropriate for the already high-traffic area and that United Growth had been unsuccessful in finding a non-drive-thru tenant.

Mayor Halliday noted that Hayward already had a Panera, although it wasn't a drive-thru, and said she also preferred a restaurant with healthy choices. She asked about vegan restaurants like Amy's Kitchen and noted the closest one was in Corte Madera.

Mayor Halliday said staff should work to craft regulations that didn't open the door too wide for drive-thru restaurants and agreed with Council Member Mendall that litter was a problem. She said the City knew about litter and frequently organized clean ups. Member Ramos commented that trash from fast food restaurants was not anonymous.

Mr. LaRue said they could place more garbage cans on the site to make it more convenient for patrons to throw away their trash. Members said that may not be enough and discussed the problem of litter generated by drive-thru restaurants. Member Ramos noted the McDonalds downtown had employees pick up trash in the area around the restaurant.

Council Member Márquez mentioned another restaurant she would consider for the site. Ms. Botelho commented that most mom n' pop establishments couldn't afford the rents associated with a new development. She said it might be affordable if the project entailed the rehab of an existing building.

Mr. LaRue asked for confirmation that there was enough support for a drive-thru and said the City could craft the language that created the subjectivity for approvals.

Mayor Halliday confirmed the restaurant would also have the option to sit down to eat rather than drive-thru. Mr. LaRue said a drive-thru would allow the tenant to supplement revenues and afford the market rent. Ms. Botelho noted workers in the area might appreciate having the choice of driving thru when they are in a hurry, sitting when they have more time, and enjoying patio seating on a nice day.

Mr. LaRue noted because the site was small there were limited options and asked the Committee for leniency noting United Growth had already spent a lot of money on the site.

Council Member Mendall noted the Jack in the Box at Fairway Plaza, in trade for Council's approval to stay open 24 hours, had an agreement in place that required them to pick up litter for a quarter of a mile along the par course across Mission Boulevard from the restaurant. He suggested that arrangement be used as a model.

Mayor Halliday said the City appreciated the efforts of United Growth and acknowledged the site was different because of the auto-intensity of the area. She said the City wanted to work with United Growth to find a tenant, noted only three Council Members were present, but thought other Council Members would have similar concerns and comments. Council Member Mendall agreed.

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### **3. FUTURE MEETING TOPICS AS OF APRIL 2, 2018**

In response to a request made by Member Ramos, Economic Development Manager Hinkle presented a table prepared by Senior Secretary Philis that described three different types of Bucks Programs; incentive programs that encouraged local spending.

Member Ramos said the table was exactly what he was looking for and commented that community-run programs like the Downtown Hayward Passport Program, which the City started but handed off to local merchants, had been very successful. He said the examples provided were more money-oriented and suggested neighborhood-driven programs. Member Ramos said some areas don't feel like part of Hayward and Bucks programs could help unify the City.

Council Member Mendall said he still wanted to see a report on the changing demand of retail tied into an analysis of sales tax revenues generated by housing versus retail uses. Manager Hinkle said he was trying to produce those reports.

Mayor Halliday said she liked the idea of improved marketing of local events (#2 on the list) because it would tie in with the City's commitment to recognize different cultures.

Council Member Márquez asked what was on the schedule for May. Manager Hinkle said the agenda was still being developed, but he hoped to present a market trend analysis of retail and continue down the list of Meeting Topics.

Member Ramos acknowledged the Economic Development Division was down staff, but he suggested a catalog or pocket guide of local retail to help introduce local businesses to new people.

Member Ramos also commented that although the Makerspace was a good place to explore a new business, and the workshops provided by the Chamber were helpful to small business, people needed a place where they can learn how to start a new business and then start it.

### **COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS**

Economic Development Manager Hinkle announced that today's meeting was the last for Economic Development Specialist Nguyen who had accepted the Economic Development Manager position with the City of Fairfield. He said the City was sorry to see Specialist Nguyen leave, but understood the desire to advance.

Specialist Nguyen thanked Committee members, and the City, for the opportunity to serve as Industrial Specialist. He noted in the three years and seven months since he'd joined the team he had assisted 114 businesses, attracted 40 to Hayward, supported the addition of 819 jobs and facilitated real estate investments totaling \$136,017,388.

Council Member Mendall and Mayor Halliday said they were very sorry to see him go.

Chamber President Huggett said the City must create an equal and higher value replacement.

**ADJOURNMENT:** The meeting was adjourned at 5:19 p.m.